

ASIAN OILFIELD SERVICES LTD.

Regd. Office : 7th Floor, B-Wing, Manubhai Tower,
Sayajigunj, Baroda – 390 005, Gujarat

**13th Annual Report
2005-2006**



Board of Directors

| | |
|------------------------|----------------------|
| Shri Krishna Kant | Chairman |
| Shri Avinash Manchanda | Managing Director |
| Shri V.G. Dharwarkar | Independent Director |
| Shri N.M. Patel | Independent Director |
| Shri D.E. Ilavia | Independent Director |

Dy. Company Secretary

Somesh Shastri

Auditors

K. Parikh & Co.
Chartered Accountants
Baroda

Bankers

Central Bank of India
UTI Bank Ltd.

Registered Office

7th Floor, B-Wing, Manubhai Tower,
Sayajigunj, Baroda - 390 005.

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Registrar and Share Transfer Agent :

Intime Spectrum Registry Ltd.,
1st Floor, 308, Jaldhara Complex,
Opp. Manisha Society,
Off. Old Padra Road,
Vasna Road, Baroda - 390 015.
Phone No. 0265 - 2250241
E-mail : vadodara@intimespectrum.com



NOTICE

Notice is hereby given that 13th Annual General Meeting of Members of Asian Oilfield Services Ltd. will be held on Thursday, 3rd August, 2006 at 11.30 a.m. at the Auditorium of Central Gujarat Chamber of Commerce, Race Course, Baroda to transact the following Ordinary Business.

1. To receive, consider and adopt the Audited Profit and Loss Account for the year ended 31st March, 2006, Balance Sheet as of that date together with the Reports of the Board of Directors and Auditors thereon.
2. To appoint Director in place of Shri D.E. Ilavia, who retires by rotation and being eligible offers himself for reappointment.
3. To appoint Auditors of the Company and to fix their remuneration.

By Order of the Board,

Date: 30-06-2006
Place: Baroda

Krishna Kant
Chairman

NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.
2. Proxy, in order to be effective, should be lodged duly completed before 48 hours of the meeting.
3. The Register of Members and Share Transfer Books of the Company will remain closed from Monday, the 31st July, 2006 to Thursday, the 3rd August, 2006. (Both the days inclusive)
4. Shareholders are requested to:
 - (a) bring their copy of the Annual Report at the meeting.
 - (b) send all communications relating to their shareholding, quoting Follio No. / Client ID No. at Registered Office / at the office of the Registrar and Share Transfer Agents.
5. MEMBERS DESIROUS OF OBTAINING ANY INFORMATION WITH RESPECT OF THE ACCOUNTS OF THE COMPANY ARE REQUESTED TO SEND THEIR QUERIES IN WRITING TO THE COMPANY AT IT'S REGISTERED OFFICE SO AS TO REACH AT LEAST SEVEN DAYS BEFORE THE DATE OF THE MEETING.

"Annexure - A"

Annexure to the Notice of Annual General Meeting

Information pursuant to Clause 49 of the Listing Agreement regarding reappointment of Directors.

| | | |
|---|---|--|
| Name of the Director | : | Shri D. E. Ilavia |
| Date of Birth | : | 17-11-1934 |
| Date of Appointment | : | 29-10-2003 |
| Specialized Expertise | : | Finance & Accounts |
| Qualification | : | B.Com. |
| Directorship of other Companies as on 31 st March, 2006 | : | - None - |
| Chairman/member of Committees of Companies as on 31 st March, 2006 | : | Chairman of Remuneration Committee and Member of Audit Committee and Shareholders' Grievance Committee of Asian Oilfield Services Ltd. |



DIRECTORS' REPORT

To,
The Shareholders,

Your Directors have great pleasure in presenting 13th Annual Report of the Company.

Following figures summarise the financial results of the Company for the year ended 31st March, 2006.

FINANCIAL HIGHLIGHTS :

(Rs. In lacs)

| | 31.03.2006 | 31.03.2005 |
|---|-------------------|-------------------|
| Gross Income | 1054.83 | 790.73 |
| Gross Profit before Depreciation & Interest | 156.88 | 101.81 |
| Depreciation | 34.04 | 36.66 |
| Interest and Financial Charges | 22.69 | 14.78 |
| Profit before Tax | 100.15 | 50.37 |
| Less : Provision for Tax | | |
| Current Tax | 36.20 | 13.99 |
| Deferred Tax | — | 4.49 |
| Fringe Benefit Tax | 1.85 | — |
| Net Profit after Tax & other adjustments | 62.10 | 31.89 |
| Appropriation : | | |
| Transfer to General Reserves | 52.18 | 31.89 |
| Balance brought forward from previous year | 148.44 | 116.55 |
| Balance carried to Balance Sheet | 200.62 | 148.44 |

DIVIDEND :

In view of inadequacy of profit , the Board regrets its inability to recommend payment of dividend.

Operations In Retrospect

During the year under review, your Company fetched Gross Income of Rs. 1054.83 lacs against Rs. 790.73 lacs of previous year and the Net Profit reached to Rs. 62.10 lacs against Rs. 31.89 lacs of previous year, both due to enhanced turnover and better management of operations and fund.

The Company proposed to issue 38,50,000 Warrants of Rs. 10 each to the Promoters and the Strategic Investors so to meet the long term Capital and enhanced Working capital requirements of the Company, however due to expected poor response as a result of the downfall of the sensex of the Capital Market, the same was cancelled.

Management Discussion & Analysis

Introduction :

With the growth of Industry as a whole in the Country, the requirement of Petroleum is on the increase every year and a large portion of our total requirement is imported. Therefore the search of New Oil and Gas fields is going on in the Country and is to be continued for the decades to come. Our Company is engaged in a very intensive manner in helping the exploratory activities in the field of Petroleum in the Country and hence there is a big scope of expansion in these activities in the times to come. With the perseverance with which the Company is perusing our activities, it is hoped to continue to achieve a remarkable growth.



Industry Structure and Developments :

Your Company is one of the few in India offering the special type of service in the Petroleum Industry in the Country and its market share is increasing steadily every year as is evident from the Directors' Report.

Our Operations :

The Company is in the business of Geophysical Data Acquisition, Shot hole drilling & seismic job services for exploration of Petroleum and are regularly trying to improve on the technology applied. Your company is also operating Workover rig operation, segment.

Technology :

The Company is continuously trying to improve the technology and in this effort have made a collaboration with the internationally recognized Company viz. Geophysical Institute of Israel (GII).

Internal Control and its Adequacy :

For effective inter departmental communications and follow up process, high speed computers, requisite software have been installed. The system of internal control provides updated accounting records, the reliability of financial information essential for running business. The Company has clearly defined organization structure and delegated authority. Sufficient control is exercised through monthly, quarterly and annual business review by the management.

Financials :

The detailed financial analysis of the Company's operations for the year is given herein above and therefore the same is not repeated.

Risk and concerns :

There does not seem to be any cause of concern in so far as the growth of activities in the company is concerned, as the search for new reservoirs of hydrocarbons will require high priority for quite some time to come. However as is the dictum that one should not put all the eggs in one basket, the Company is planning to diversify into the areas of manufacturing , trading and investment at appropriate time.

Future Prospects & Strategy :

In addition to the Oil industry, the Company is making serious studies to enter in new areas. Thus with sustained effort, it is hoped to venture into this area where though there is a gestation period, yet once the project is in operation, the returns are for much longer duration.

Directorate

Shri D.E.IIavia retires by rotation, being eligible, offers himself for reappointment.

Directors' Responsibility Statement:

In terms of Section 217 (2AA) of the Companies Act, 1956, the Directors would like to state that :-

- i) In the preparation of the Annual Accounts, the applicable accounting standards have been followed.
- ii) The Directors have selected such accounting policies and applied them consistently and made judgements and estimates that were reasonable and prudent so as to give true and fair view of the state of affairs of the Company at the end of the financial year and other profit of the Company for the year under review.
- iii) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provision of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.



iv) The Directors have prepared the Annual Accounts on a going concern basis.

Corporate Governance :

The Company has been complying with mandatory provisions of the Corporate Governance as prescribed under the Listing Agreement and a separate Report thereon together with the Auditors' certificate thereon, is attached herewith.

Dematerialisation of Shares :

The Company has been allotted ISIN No. INE276G01015 for the Equity Shares of the Company by National Securities Depository Ltd. (NSDL) and Central Depository Services Ltd. (CDSL). Members are requested to Dematerialise Shares held by them for their better convenience.

Audit Committee :

In compliance of Section 292A of the Companies Act, 1956, an Audit Committee constituted by Shri V.G.Dharwarkar, Shri N.M.Patel and Shri D.E.Illavia , the Independent Directors as its Members, performed inter alia , various functions as required in terms of the said provisions.

Statutory Disclosures :

The Company is not engaged in manufacturing activity hence the disclosures as required under Section 217 (1) (e) of the Companies Act, 1956 are not required to be made by the Company. However details of Foreign Exchange inflow and outflow during the period under review are given hereinafter in the report.

Information in accordance with the provision of Section 217 (2-A) of the Companies Act, 1956 read together with the Companies (Particulars of Employees) Rules, 1975 as amended, regarding particulars of Employees, is not furnished, as no employee is covered thereunder.

Public Deposits :

There is no unpaid and unclaimed deposit ,at the end of financial year.

Insurance :

All the properties of the Company are adequately insured against fire and other risks.

Auditors :

The Auditors M/s. K. Parikh & Co. retire at the conclusion of the ensuing Annual General Meeting, but being eligible, offer themselves for reappointment. Members are requested to consider their reappointment as Auditors of the Company and fix remuneration.

Appreciations :

The Board places on record its deep appreciation for Oil & Natural Gas Corporation Ltd., Premier Oil, Geophysical Institute of Israel and the continued support given by Central Bank of India, other Government Authorities, Employees and Shareholders in furthering the interest of the Company.

By Order of the Board,

Date: 30-06-2006
Place: Baroda

Krishna Kant
Chairman



Report on Corporate Governance

In compliance with Clause 49 of the Listing Agreement entered into with the Bombay Stock Exchange Limited, the Company submits its report on the matters mentioned in the said Clause and lists the practices followed by the Company.

1. Company's philosophy on Code of Corporate Governance.

Asian Oilfield Services Limited's philosophy on Corporate Governance envisages working towards high levels of transparency, accountability, consistent value systems, delegation, across all facets of its operations leading to sharply focused and operationally efficient growth. The business operations are conducted to benefit its all stakeholders, including shareholders, employees, customers, suppliers and statutory authorities.

The Company is in compliance with the requirements of the revised guidelines on Corporate Governance stipulated under Clause 49 of the Listing Agreement entered in to with the Bombay Stock Exchange Limited.

2. Board of Directors:

The Board of Directors is consisting of Five Directors with a Executive Chairman and Managing Director with three independent Directors as on 31.3.2006. The Composition of the Board is in conformity with Clause 49 of the Listing Agreement entered into with the Bombay Stock Exchange Limited.

None of the Directors on the Board holds the office of Director in more than 15 Companies nor are they members in Committees of the Board in more than 10 Committees or Chairman of more than 5 Committees as specified in Clause 49, across all the Companies in which he is a Director. Necessary disclosure regarding Committee position in other Public Companies as at 31st March, 2006 have been made by the Director.

A brief resume of the directors being re-appointed at the Annual General Meeting, the nature of their expertise in specific functional areas and names of companies in which they hold directorship and membership of the committees of the Board is annexed to the Notice. Whereas the names and categories of the Directors, their attendance at Board Meetings, Annual General Meetings, No of directorships in other Companies and committee meetings etc. are given below.

| Name of Directors | Category of Directors | No. of Board Meetings attended During 2005-06 | Whether attended last A.G.M. | No. of Directorship in domestic companies | No. of Committee Membership | |
|------------------------|-------------------------------|---|------------------------------|---|-----------------------------|--------|
| | | | | | Chairman | Member |
| Shri Krishna Kant | Executive Chairman & Promoter | 3 | Yes | — | — | — |
| Shri Avinash Manchanda | Managing Director & Promoter | 5 | Yes | — | — | — |
| Shri Navinbhai Patel | Independent Non Executive | 5 | Yes | — | 1 | 3 |
| Shri V.G. Dharwarkar | Independent Non Executive | 3 | Yes | — | 1 | 3 |
| Shri D. E. Ilavia | Independent Non Executive | 5 | Yes | — | 1 | 3 |

Board Meetings :

During the year 2005-2006, the Board met Five times on 29-4-2005, 30-7-2005, 24-10-2005, 30-1-2006 and 6-2-2006. The longest gap between any two Board Meetings did not exceed four months.

None of the Non Executive Directors have any material pecuniary relationship or transactions with the Company. Necessary information as mentioned in Annexure 1A to the Clause 49 of the Listing Agreement has been placed before the Board for their consideration

**Shareholding of Directors :**

| <u>Names of Directors</u> | <u>No. of Shares held</u> |
|---------------------------|---------------------------|
| Shri Krishnakant | 4,79,430 (8.95 %) |
| Shri A.C.Manchanda | 2,99,334 (5.59 %) |

3. Audit Committee

The Board of Directors has constituted an Audit Committee, comprising three independent Non Executive Directors viz. Shri V.G. Dharwarkar, Shri. Navinbhai Patel and Shri D.E.Ilavia with Shri V.G. Dharwarkar as the Chairman of the Committee.

The primary objective of the Audit Committee is to monitor and effectively supervise the Company's financial reporting process with a view to provide accurate, timely and proper disclosures and the integrity and quality of the financial reporting.

The constitution of Audit Committee also meets with the requirements under Section-292A of the Companies Act, 1956 and Clause 49II(D) of the Listing Agreement and the terms of reference stipulated by the Board for the Audit Committee, covers the matters specified, which are as under.

A. The Audit Committee shall have the following powers:

1. To investigate any activity within its terms of reference.
2. To seek information from any employees.
3. To obtain outside legal or other professional advice.
4. To secure attendance of outsiders with relevant expertise, if it considers necessary.

B. The Role of the Audit Committee shall include the followings:

1. Overseeing the Company's financial reporting process and disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of Statutory Auditors and fixation of audit fees.
3. Approval of payment to Statutory Auditors for any other services rendered by the Statutory Auditors.
4. Reviewing with the management, the annual financial statements before submission to the Board for approval, with particular reference to
 - Matters required to be included in the Directors' Responsibility Statement to be included in the Directors' Report in terms of sub-section (2AA) of Section 217 of the Companies Act, 1956.
 - Changes, if any, in accounting policies and practices and reasons for the same.
 - Major accounting entries involving estimates based on the exercise of judgement by management.
 - Significant adjustment made in the financial statements arising out of audit findings.
 - Compliance with listing and other legal requirements relating to financial statements.
 - Disclosure of related party transactions.
 - Qualification in draft Audit Report.
5. Reviewing with the management, the quarterly financial statements before submission to the Board for approval.
6. Reviewing with the management, the performance of Statutory and Internal Auditors, adequacy of internal control system.
7. Reviewing the adequacy of Internal Audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of Internal Audit.
8. Discussion with Internal Auditors, any significant findings and follow up thereon.
9. Reviewing the findings of any internal investigations by the Internal Auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
10. Discussion with Statutory Auditors before the Audit Commences, about the nature and scope of audit as well as post audit discussion to ascertain any area of concern.



11. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders. Shareholder (in case of non payment of declared dividends) and creditors.
12. To review the functioning of the Whistle Blower Mechanism.
13. Carrying out such other function as may be specifically referred to the Committee by the Board of Directors and/or other Committees of Directors of the Company.
14. To review the following information
 - The management discussion and analysis of financial condition and results of operations;
 - Statement of significant related party transactions (as defined by the Audit Committee), submitted by management;
 - Management letter/letters of internal control weakness issued by the Statutory Auditors;
 - Internal Audit Reports relating to internal control weakness; and
 - The appointment, removal and terms of remuneration of Internal Auditors.
15. Reviewing the financial statements and in particular the investments made by the unlisted subsidiaries of the Company.

During the year 2005-2006, 3 Audit Committee meetings were held on 30.7.2005, 24.10.2005, and 30-1-2006, details of attendance of members at the Meeting of the Audit Committee are as under;

| Name of Directors | Number of Meetings | Meeting attended |
|----------------------|--------------------|------------------|
| Shri V.G. Dharwarkar | 3 | 2 |
| Shri N.M. Patel | 3 | 3 |
| Shri D.E. Ilavia | 3 | 3 |

4. Remuneration Committee :

The Board of Directors has formed a Remuneration Committee to review and recommend the remuneration package of the Wholetime Director, based on performance and defined criteria, which consist of Shri D.E.Ilavias as Chairman, Shri V.G.Dharwarkar and Shri Navinbhai Patel as members. The Committee has not met, during the year.

Remuneration Policy is directed towards rewarding performance, based on the review of achievements. The remuneration policy is in consonance with the existing Industry practice. During the year, the Remuneration Committee has not met.

The remuneration paid to Executive Chairman and Managing Director are recommended by the Remuneration Committee and approved by the Board of Directors in the Board Meeting, subject to the approval by the Shareholders at the Annual General Meeting and such other authorities as may be required.

The aggregate value of salary and perquisites including Company's contribution to provident fund, gratuity fund etc., for the year ended 31st March,2006 paid to Shri Krishnakant , the Executive Chairman and to Shri Avinash Manchanda, the Managing Director are as follows.

| | (Amount in Rs.) | |
|--|----------------------|-------------------|
| | Executive Chairman | Managing Director |
| Salary | Rs. 13,00,000 | Rs. 13,00,000 |
| Contribution to Provident Fund and other Funds | Rs. NIL | Rs. 48,960 |
| Perquisites | Rs. NIL | Rs. NIL |
| Total | Rs. 13,00,000 | Rs. 13,48,960 |

Shri Krishnakant, the Executive Chairman and Shri A.C.Manchandã, the Managing Director, are not related to any Director. They have been appointed as the Executive Chairman and Managing Director for a tenure of Five years with effect from 18.6.2003 and 1.2.2003, respectively, under the Agreement which can be terminated by either party by giving three months' notice in writing.



Non Executive Directors do not draw any remuneration. However, sitting fees were paid to such Non Executive Directors @ Rs. 1000/- per Board Meeting and Rs. 1000/- per Committee Meetings, during the year under review.

Details of sitting fees paid to Non Executive Directors during the year 2005-2006.

| Name of Directors | Sitting fees (in Rs.) paid |
|----------------------|----------------------------|
| Shri V.G. Dharwarkar | Rs. 7,000/- |
| Shri N.M. Patel | Rs. 12,000/- |
| Shri D.E. Ilavia | Rs. 12,000/- |

There were no other pecuniary relationship or transactions of the Non Executive Director vis a vis the Company. As of now, the Company does not have any employee stock option plan.

5. Shareholders' / Investors' Grievance Committee :

The Board of Directors has constituted a Shareholders'/Investors' Grievance Committee with three Independent Directors Shri D.E. Ilavia, Shri V.G. Dharwarkar and Shri Navinbhai Patel. The Chairman of the Committee is Shri Navinbhai Patel. The Committee, inter alia, oversees and reviews all matters connected with the securities and looks into shareholders complaints like transfer of shares, non receipt of balance sheet, non receipt of declared dividend, dematerialisation of shares etc. The Committee oversees the performance of the Secretarial Department and the working of M/s. Intime Spectrum Registry Ltd., the Registrar and Transfer Agent and recommends measures for overall improvement in the quality of services to the investors.

During the year 2005-2006 the Shareholders'/Investors' Grievance Committee met on 30-07-2005, 24-10-2006 and 30-1-2006. Details of Attendance of Members at the Meetings of the Shareholders'/Investors' Grievance Committee held during 2005-2006 are as under :

| Name of Directors | Number of Meetings | Meeting attended |
|----------------------|--------------------|------------------|
| Shri N.M. Patel | 3 | 3 |
| Shri V.G. Dharwarkar | 3 | 2 |
| Shri D.E. Ilavia | 3 | 3 |

The Company has appointed Shri Somesh Shastri, as the Compliance Officer.

No complaints were received and resolved to the satisfaction of shareholders during the year under review. No complaints are outstanding and no requests for transfer and/or requests for dematerialization were pending for approval as on 31.3.2006.

6. General Body Meetings :

Particulars of the last 3 Annual General Meetings held and Special Resolution passed thereat, are as under .

| Date | Time | Place | Special Resolution |
|------------|------------|---|--|
| 27.09.2003 | 11.00 a.m. | Auditorium of Central Gujarat Chamber of Commerce, Race Course, Baroda. | Delisting of Shares at Stock Exchanges at Vadodara, Ahmedabad and Delhi. |
| 21.09.2004 | 11.30 a.m. | Auditorium of Central Gujarat Chamber of Commerce, Race Course, Baroda. | Appointment of Project Coordinator under Section 314 and other applicable provisions of the Companies Act, 1956. |
| 12.09.2005 | 11.30 a.m. | Auditorium of Central Gujarat Chamber of Commerce, Race Course, Baroda. | — |

No postal ballots were used for voting at these meetings as the same was not required. Presently the Company does not have any proposal that requires a postal ballot.



7. Disclosures :

- (i) Related Party Transactions, comprising of contracts or arrangements with the Promoters or other Companies/entities in which the Directors are interested, are entered in the Register of Contracts and placed before Board Meeting as per Section 301 of the Companies Act, 1956. None of the transactions with any of the related parties were in conflict with the interest of the Company.
- (ii) There were no instances of non-compliance and no strictures and penalties have been imposed on the Company by the Stock Exchanges or SEBI or any statutory authorities, on any matters related to capital markets, during the last three years.

8. Compliance of Mandatory Requirements :

The Company has complied with the mandatory requirements as stipulated in Clause 49 of the listing agreements with the Bombay Stock Exchange Ltd.

9. Compliance of Non Mandatory Requirements :

The Company has adopted the non-mandatory requirements as regards the provisions relating to the Remuneration Committee. The Quarterly Financial Results are extensively published in newspapers and also sent to the shareholders on request. The Company affirms that no employee has been denied access to the Audit Committee. As regards the other non mandatory requirements the Board has taken cognizance of the same and shall consider adopting the same as and when necessary.

10. Means of communication

The annual and quarterly results are regularly published by the company in news papers as per the Stock Exchange requirements.

In addition, these are also submitted to the Stock Exchanges in accordance with the Listing Agreement. Financial Results are supplied though E-Mail and mail to the Shareholder on demand.

The Management Discussion and Analysis (MD&A) is a part of the Annual Report.

11. General Shareholder information :

11.1 Annual General Meeting :

- Date and time : Thursday, the 3rd August, 2006, at 11.30 a.m.
- Venue : At Auditorium of Central Gujarat Chamber of Commerce, Race Course, Baroda

11.2 Financial Calendar :

| Board Meeting to approve Quarterly Financial Results ending | Period |
|--|-------------------------|
| September 30th, 2006 | By end of October, 2006 |
| December 31st, 2006 | By end of January, 2007 |
| March 31st, 2007 | By end of April, 2007 |
| June 30th, 2007 | By end of July, 2007 |
| Audited Results for the year 2006-2007 | By end of August, 2007 |

11.3 Dividend payment Date : Not applicable

11.4 Details of Book Closures : Monday, 31.07.2006 to Thursday, 03.08.2006
(Both the days inclusive)

11.5 Listing of Equity Shares

On Stock Exchange : The Bombay Stock Exchange Ltd., Mumbai

11.6 Stock Code

Trading Symbol Bombay :
Stock Exchange Ltd. : 530355
Demat Segment

Demat ISIN number in NSBL
& CDSL for Equity Shares : **ISIN No. INE276G01015**



11.7 Stock Market Data :

Monthly High & Low Quotes basing on the closing prices and nos of shares traded during the last financial year on the Bombay Stock Exchange Limited

| Months | Highest | Lowest | Total No. of Shares Traded | Months | Highest | Lowest | Total No. of Shares Traded |
|-----------------|---------|--------|----------------------------|----------------|---------|--------|----------------------------|
| April, 2005 | 18.75 | 12.60 | 294300 | October, 2005 | 28.00 | 14.00 | 268131 |
| May, 2005 | 19.82 | 12.10 | 233049 | November, 2005 | 22.00 | 15.10 | 184775 |
| June, 2005 | 23.40 | 16.75 | 490066 | December, 2005 | 17.20 | 13.65 | 139875 |
| July, 2005 | 40.65 | 20.25 | 962450 | January, 2006 | 27.43 | 15.27 | 216775 |
| August, 2005 | 39.00 | 30.50 | 953671 | February, 2006 | 24.05 | 17.35 | 193344 |
| September, 2005 | 37.25 | 24.05 | 632120 | March, 2006 | 19.90 | 15.25 | 225755 |

11.8 Registrar and Share Transfer Agent :

Intime Spectrum Registry Ltd.,

1st Floor, 308, Jaldhara Complex, Opp. Manisha Society, Off. Old Padra Road, Vasna Road, Baroda - 390 015. Phone No. 0265 - 2250241

E-mail : vadodara@intimespectrum.com

11.9 Share Transfer System :

Presently, the Share Transfers which are received in physical form are processed and the share certificates are returned within a period of 30 days from the date of receipt, subject to the documents being valid and complete in all respects. The Board of Directors of the Company are approving transfer of securities under the supervision and control of the Deputy Company Secretary, subject to placing of a summary statement of transfer / transmission, etc. of securities of the Company at meetings of the said Committee.

All requests for dematerialization of shares are processed and confirmation is given to the respective depositories, i.e. National Securities Depository Ltd. (NSDL) and Central Depository Services Limited (CDSL) within 21 days.

11.10 Distribution of Shareholding as on 31st March, 2006

| No. of Shares | No. of Share holders | Percentage of share holders | Total No. of Shares | Percentage holding |
|-----------------|----------------------|-----------------------------|---------------------|--------------------|
| Upto - 500 | 6236 | 80.84 | 1763341 | 32.92 |
| 501 - 1000 | 1038 | 13.45 | 844367 | 15.76 |
| 1001 - 2000 | 274 | 3.55 | 410670 | 7.67 |
| 2001 - 3000 | 61 | 0.79 | 162771 | 3.04 |
| 3001 - 4000 | 20 | 0.26 | 73305 | 1.37 |
| 4001 - 5000 | 30 | 0.39 | 146428 | 2.73 |
| 5001 - 10000 | 26 | 0.34 | 170362 | 3.18 |
| 10001 and above | 29 | 0.38 | 1785856 | 33.33 |
| Total | 7714 | 100.00 | 5357100 | 100.00 |

The Company has not issued any GDRs/ADRs/ Warrants or any convertible instrument.



11.11 Distribution of Shareholding Pattern as on 31st March,2006.:

| Category | No. of Shares | % of Total Capital |
|---|------------------|--------------------|
| Promoters (including Relatives, Bodies Corporate) | 13,84,037 | 25.84 |
| Non Promoters | | |
| a. Banks and Financial Institution | — | — |
| b. Bodies Corporate | 2,37,940 | 4.44 |
| c. Non Residents Indians | 27,800 | 0.52 |
| d. Indian Public | 36,96,282 | 69.00 |
| e. Any other (clearing members) | 11,041 | 0.20 |
| Total | 53,57,100 | 100.00 |

11.12 Dematerialisation of Shares : About 33,82,215 (63.14%) Equity Shares of the Company have been Dematerialised.

11.13 Plant locations : The Company has no plants.

11.14 Address for Correspondence for Grievances relating to Shares :

Intime spectrum Registry Ltd.
1st Floor, 308, Jaldhara Complex,
Opp. Manisha Society,
Off. Old Padra Road,
Vasna Road, Baroda - 390 015.
Phone 0265 – 2250241/46
E-mail : vadodara@intimespectrum.com

Secretarial Department
Asian Oilfield Services Limited
7th Floor, Manubhai Tower,
Sayajigunj,
Baroda 390005
Phone No. 0265 – 2362071, 2362292
Fax No. (0265) – 2226216

Declaration regarding Compliance by Board Members and Senior Management Personnel with the Company's Code of Conduct :

This is to confirm that the Company has adopted a Code of Conduct for its employees , Non Executive Directors and Executive Director, which is also available on the Company's web site.

I confirm that the Company has, in respect of the financial year ended 31st March, 2006 received from the Senior Management Team of the Company and the Members of the Board, a declaration of Compliance with the Code of Conduct as applicable to them.

For the purpose of this declaration, Senior Management Team means the Chief Financial Officer, the Dy. Company Secretary and other employees in the Executive Vice President cadre as on 31st March, 2006.

Date: 30-6-2006
Place: Baroda

Avinash Manchanda
CEO & Managing Director



Auditors' Report on Corporate Governance

To
The Members,
Asian Oilfield Services Limited,

We have examined the compliance of conditions of Corporate Governance by Asian Oilfield Services Limited, for the year ended 31st March, 2006, as stipulated in clause 49 of the Listing Agreement of the said Company with the Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination has been limited to a review of the procedures and implementations thereof adopted by the Company for ensuing compliance with the conditions of the Corporate Governance as stipulated in the said clause. It is neither an audit nor an expression of opinion on the financial statement of the Company.

In our opinion and to the best of our information and according to the explanations given to us, and based on the representation made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in clause 49 of the above mentioned Listing Agreement.

As required by the Guidance Note issued by the Institute of Chartered Accountants of India, we have to state that as at 31st March, 2006 there were no investor grievances pending for a period of one month against the Company as per the records maintained by the Shareholders' Grievance Committee.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For K. Parikh & Co.
Chartered Accountants

Date: 30-06-2006
Place: Baroda

J. O. Parikh
Proprietor
Membership No. 12404



AUDITORS' REPORT

To,
The Members of
ASIAN OILFIELD SERVICES LTD.,

1. We have audited the attached Balance Sheet of ASIAN OILFIELD SERVICES LTD., as at 31st March, 2006 and also the Profit and Loss Account and Cash Flow Statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit also includes examining, on test basis evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for opinion.
3. As required by the Companies (Auditors' Report) Order, 2003 issued by the central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we annex hereto a statement on the matter specified in paragraphs 4 and 5 of the said order.
4. Further to our comments in the Annexure referred to in paragraph (1) above, we state that :
 - a. we have obtained all the information and explanations, which are to the best of our knowledge and belief, were necessary for the purposes of our audit;
 - b. In our opinion, proper books of account as required by law have been kept by the Company, so far as appears from our examination of those books.
 - c. The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account ;
 - d. In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting standards referred to in sub – section (3C) of section 211 of Companies Act, 1956;
 - e. On the basis of the written representations received from the directors, as on 31st March, 2006, and taken on record by the Board of Directors, We report that non of the directors of the company are disqualified as on March 31, 2006 from being appointed as a director, in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
 - f. In our opinion and to the best of our information and according to the explanation given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with accounting principles generally accepted in India:
 - i) in the case of Balance Sheet, of the state of affairs of the Company as at 31st March, 2006
 - ii) in the case of Profit and Loss Account, of the profit of the Company for the year ended on that date;
and
 - iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For K. Parikh & Co.
Chartered Accountants

Place : Baroda
Date : 30-6-2006

J. O. Parikh
Proprietor
Membership No. : 12404

Annexure to the Auditors' Report

(referred to in paragraph 3 of our Report of even date on the accounts of **ASIAN OILFIELD SERVICES LTD.** for the year ended March 31, 2006)

- (i) (a) The Company is maintaining proper records to show full particulars, including quantitative details and situation of fixed assets.
- (b) As explained to us, the Company has programme of physically verifying all its fixed assets over a period of three years which in our opinion is reasonable having regard to the size of the company and the nature of its fixed assets. In accordance with this programme, some of the fixed assets were physically verified by the management during the period. Discrepancies noticed on such verification between the physical balances and the fixed assets records were not material and have been properly dealt with in the books of accounts.
- (c) The Company has not disposed off a substantial part of the fixed assets during the year.
- (ii) (a) During the period, the inventories have been physically verified by the management. In our opinion the frequency of the verification is reasonable.



- (b) In our opinion and according to the information and explanation given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- (c) On the basis of our examination of the records of the inventories, we are of the opinion that, the Company is maintaining proper records of inventories. The discrepancies noticed on physical verification of inventories has compared to book records were not material and have been properly dealt with in the books of accounts.
- (iii) According to information and explanations given to us, the company has neither taken nor granted any loan secured or unsecured from / to companies, firms and other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, paragraphs 4(iii)(b), (c) and (d) of the Order are not applicable
- (iv) In our opinion and according to the information and explanations give to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of inventory, fixed assets and with regard to sale of goods during the course of our audit, we have not observed any continuing failure to correct major weaknesses in the internal control.
- (v) In our opinion, and according to the information and explanation given to us, there are no transactions of purchase of goods and materials and sale of goods, materials and services made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 and exceeding the value of rupees five lakh or more in respect of any party.
- (vi) The Company has complied with the provisions of the Section 58A and 58AA of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public.
- (vii) In our opinion, the company has an adequate internal system commensurate with its size and nature of its business.
- (viii) We have been informed that the Central Government has not prescribed maintenance of cost records under Section 209(1) (d) of the Companies Act, 1956.
- (ix) According to the information and explanations given to us and on the basis of records produced before us, the company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education protection fund, income tax, sales tax, wealth tax, custom duty, excise duty, Cess and other material statutory dues applicable to it.
According to the information and explanations given to us, no undisputed arrears of statutory dues were outstanding as on March 31, 2006 for a period of more than six months from the date they became payable.
- (X) The Company has no accumulated losses and have not incurred cash losses in the current financial year and in the immediately preceding financial year.
- (xi) In our opinion, and according to the information and explanation given to us the Company has not defaulted in repayment of dues to any financial institution or bank as at the balance sheet date
- (xii) The company has not granted any loans or advances on the basis of the security by way of pledge of shares, debentures and other securities.
- (xiii) As the company is not a chit fund/ nidhi / mutual benefit fund / society to which the provisions of special statute relating to chit fund are applicable, paragraph 4 (xiii) of the Order is not applicable.
- (xiv) As the company is not dealing or trading in shares, securities, debentures and other investment, paragraph 4(xiv) of the Order is not applicable.
- (xv) We are informed that during the period, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- (xvi) In our opinion, and according to the information and explanation given to us, the terms loan taken by the company has been applied for the purposes for which they were obtained.
- (xvii) According to the information and explanation given to us and on an over all examination of the balance sheet of the company, we report that during the period short term fund have not been use to finance long term investment and vice versa.
- (xviii) The company has not made any preferential allotment of share during the period.
- (xix) The company has not issued debentures during the period.
- (xx) The company has not raise money by way of public issue during the period.
- (xxi) On the basis of our examination and according to the information and explanation given to us no fraud, on or by company, has been noticed or reported during the course of audit.

For K. Parikh & Co.
Chartered Accountants

Place : Baroda
Date : 30-6-2006

J. O. Parikh
Proprietor
Membership No. : 12404



BALANCE SHEET AS AT 31ST MARCH 2006

| Description | Schedule No | As at March 31st 2006 | | As at March 31st 2005 | |
|---|-------------|-----------------------|-----------------|-----------------------|-----------------|
| | | Amount Rs. | Amount Rs. | Amount Rs. | Amount Rs. |
| I SOURCE OF FUNDS : | | | | | |
| 1. SHARE HOLDER'S FUNDS | | | | | |
| a) Share Capital | 1 | | 53571000 | | 53571000 |
| b) Reserve & Surplus | 2 | | 21053968 | | 14844077 |
| 2. LOAN FUNDS | | | | | |
| Secured Loan | 3 | | 15553331 | | 9048430 |
| Unsecured Loan | 4 | | 1540233 | | 1720036 |
| 3. Deferred Tax Liability | | | | | |
| | | | 1905115 | | 1905115 |
| TOTAL | | | 93623647 | | 81088658 |
| II APPLICATION OF FUNDS | | | | | |
| 1. FIXED ASSETS | | | | | |
| a) Gross Block | 5 | 69675788 | | 67822386 | |
| less: Depreciation | | 35722082 | | 32318321 | |
| Net Block | | | 33953706 | | 35504065 |
| 2. INVESTMENTS | | | | | |
| Equity Shares | | 1165447 | | 1100000 | |
| Fix Deposit With Bank | | | | 1500000 | |
| | | | 1165447 | | 2600000 |
| 3. CURRENT ASSETS, LOANS AND ADVANCES | | | | | |
| a) Inventories | 6 | 50335 | | 1500219 | |
| b) Sundry debtors | 7 | 63066413 | | 42893477 | |
| c) Cash & Bank Balance | 8 | 8861316 | | 3988300 | |
| d) Loans & Advances | 9 | 8090195 | | 8424114 | |
| | | 80068259 | | 56806110 | |
| Less: Current Liabilities & Provisions | 10 | | | | |
| Liabilities | | 10389323 | | 10392709 | |
| Provisions | | 11419282 | | 4163672 | |
| Net Current Assets | | | 58259654 | | 42249729 |
| 4. MISCELLANEOUS EXPENDITURE | | | | | |
| (To the Extent not written off or adjusted) | 11 | | 244840 | | 734864 |
| TOTAL | | | 93623647 | | 81088658 |

Notes forming part of the Accounts 13

Schedule 1 to 13 Annexed hereto form part of the Balance Sheet and Profit and Loss Account.

In terms of our Report of even date

For and on behalf of the Board,

For K. Parikh & Co.
Chartered Accountants

J.O.Parikh
Proprietor
Membership No. : 12404

PLACE : BARODA
DATE : 30/06/2006

Krishna Kant
Chairman

PLACE : BARODA
DATE : 30/06/2006

Avinash Manchanda
Managing Director

Somesh Shastri
Dy. Company Secretary



PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 31ST MARCH 2006

| Description | Schedule No | For the Period Ended 31st March 2006 Rupees | For the Period Ended 31st March 2005 Rupees |
|---|----------------|--|--|
| INCOME | | | |
| Sales/Services | | 103419314 | 77919514 |
| Other Income | | 1421107 | 492749 |
| Gain/loss on foreign exchange rate | | 66485 | 0 |
| Interest | | 526193 | 661052 |
| | Total A | <u>105433099</u> | <u>79073315</u> |
| EXPENDITURE | | | |
| Cost of Sales and services | | — | 86663 |
| Increase / Decrease in stock | | 1449884 | -519908 |
| Operational Expenses | | 38796558 | 11371267 |
| Contractual Expenses | | 39622974 | 50122926 |
| Staff Cost | | 5195346 | 4512481 |
| Administration & Other Expenses | 12 | 4680683 | 3318674 |
| Finance Cost | | 2268919 | 1478443 |
| Depreciation | | 3403761 | 3665613 |
| | Total B | <u>95418125</u> | <u>74036159</u> |
| Profit before tax | (A-B) | <u>10014974</u> | 5037156 |
| Less: Provision for Tax | | | |
| Current Tax | | 3620000 | 1398500 |
| Fringe Benefit Tax | | 185083 | 0 |
| Deferred Tax | | 0 | 449429 |
| Net Profit available for appropriation | | <u>6209891</u> | 3189227 |
| Reserve for Bad & Doubtful Adv/Debtors | | 882974 | 0 |
| Investment Equilisation Reserve | | 110000 | 0 |
| Profit Transferred to General Reserve | | <u>5216917</u> | 3189227 |
| Balance Brought forward from Previous year. | | 14844077 | 11654850 |
| Balance carried to Balance Sheet | | <u>20060994</u> | 14844077 |

Schedule 1 to 13 Annexed hereto form part of the Balance Sheet and Profit and Loss Account.

In terms of our Report of even date

For and on behalf of the Board,

For K. Parikh & Co.
Chartered Accountants

J.O.Parikh
Proprietor
Membership No. : 12404

PLACE : BARODA
DATE : 30/06/2006

Krishna Kant
Chairman

PLACE : BARODA
DATE : 30/06/2006

Avinash Manchanda
Managing Director

Somesh Shastri
Dy. Company Secretary



CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2006

| Particulars | 2005-2006 Rupees | 2004-2005 Rupees |
|--|---------------------|---------------------|
| A. Cash Flow From Operating Activities : | | |
| Net Profit before Tax | 10014974 | 5037156 |
| Adjusted for : | | |
| Depreciation | 3403761 | 3665613 |
| Miscellaneous Expenditure Written Off | 490024 | 702332 |
| Interest Received | (-) 526193 | (-) 661052 |
| Finance Cost | 2268919 | 1478443 |
| Dividend on investment | (-) 1865 | 0 |
| Operating Profit/Loss before working Capital Changes | 15649620 | 10222492 |
| Adjusted for : | | |
| (Increase)/Decrease in Debtors | (-) 20172936 | (-) 12060337 |
| (Increase)/Decrease in Inventories | 1449883 | (-) 519909 |
| Increase/(Decrease) in Trade & Other Payable | 7252224 | 2676457 |
| (Increase)/Decrease in Advances | 333919 | (-) 2060177 |
| Cash Flow Before Direct Tax | 4512710 | (-) 1741474 |
| Income Tax payment | (-) 3805082 | (-) 1398500 |
| Net Cash from Operating Activities | 707628 | (-) 3139974 |
| B. Cash Flow from Investing Activities : | | |
| Purchase of Fixed Assets | (-) 1925099 | (-) 5732138 |
| Purchase of Investment | 0 | (-) 1500000 |
| Proceed from Sale of Investment | 1434553 | 0 |
| Interest Received | 526193 | 661052 |
| Dividend Received | 1865 | - |
| Increase/Decrease in fixed assets | 71697 | 0 |
| Net Cash From Investing Activities | 109209 | (-) 6571086 |
| C. Cash from Financial Activities : | | |
| Proceed from Borrowing (Net) | 6325098 | 4196724 |
| Finance Cost | (-) 2268919 | (-) 1478443 |
| Net Cash Flow from Financial Activities | 4056179 | 2718281 |
| D. Net Increase/Decrease in Cash & Cash Equivalents (A + B + C) | 4873016 | (-) 6992779 |
| Cash & Bank Balances (Opening) | 3988300 | 10981079 |
| Cash & Bank Balances (Closing) | 8861316 | 3988300 |

Note : The above cash flow statement has been prepared under the "Indirect Method" as set out in the Accounting Standard - 3 on Cash Flow Statements, issued by the Institute of Chartered Accountants of India.

In terms of our Report of even date

For and on behalf of the Board,

For K. Parikh & Co.
Chartered Accountants

J.O.Parikh
Proprietor
Membership No. : 12404

Krishna Kant
Chairman

Avinash Manchanda
Managing Director

PLACE : BARODA
DATE : 30/06/2006

PLACE : BARODA
DATE : 30/06/2006

Somesh Shastri
Dy. Company Secretary



SCHEDULES TO THE BALANCE SHEET AS AT 31ST MARCH 2006

| Particulars | As at 31st March, 2006 Rupees | As at 31st March, 2005 Rupees |
|---|-------------------------------------|-------------------------------------|
| SCHEDULE - 1 ⇒ SHARE CAPITAL | | |
| Authorised | | |
| 70,00,000 Equity Share of Rs. 10/- each | 70000000 | 70000000 |
| | 70000000 | 70000000 |
| Issued, Subscribed and Paid up | | |
| 53,57,100 Equity Shares of Rs.10/ each | 53571000 | 53571000 |
| | 53571000 | 53571000 |
| SCHEDULE - 2 ⇒ RESERVE AND SURPLUS | | |
| A. General Reserve | | |
| Add: Transferred from Profit & loss Account | 14844077 | 11654850 |
| | 6209891 | 3189227 |
| | 21053968 | 14844077 |
| Less : Transferred to Special Reserve | 992974 | - |
| | 20060994 | 14844077 |
| B. Special Reserve | | |
| Reserve for Debtors / Advances (10% against bad and doubtful debts) | 882974 | - |
| Reserve for Inverstment Equalization (against 10% of investment in equity shares of Arrow Macco India Ltd.) | 110000 | - |
| | | |
| | 992974 | - |
| | 21053968 | 14844077 |
| SCHEDULE - 3 ⇒ SECURED LOANS | | |
| Working Capital Loans from Bank | 10122483 | 228833 |
| Term Loan from Bank (agst Machinery) | 5430848 | 8819597 |
| | 15553331 | 9048430 |
| SCHEDULE - 4 ⇒ UNSECURED LOANS | | |
| Deposit from Share holders | 1386331 | 1063310 |
| Deposit from Public | 153902 | 605918 |
| CBI Credit Card | - | 50808 |
| | 1540233 | 1720036 |

SCHEDULE - 5 ⇒ FIXED ASSETS

| DESCRIPTION | GROSS BLOCK AT COST | | | | DEPRECIATION | | | | NET BLOCK | |
|---------------------|-------------------------|----------------|---------------------------|--------------------------|-------------------------|-------------------------------|-----------------------|--------------------------|--------------------------|--------------------------|
| | As at 1.4.2005 Rs | Addition Rs | Sale or Transfer Rs | As at 31.3.2006 Rs | As at 1.4.2005 Rs | Sale or adjust- ment Rs | For the Year Rs | As at 31.3.2006 Rs | As at 31.3.2005 Rs | As at 31.3.2005 Rs |
| Land | 538250 | 256500 | 0 | 794750 | | 0 | | 0 | 794750 | 538250 |
| Building | 1830194 | 0 | 0 | 1830194 | 320815 | 0 | 29833 | 350648 | 1479546 | 1509379 |
| Oilfield Equipments | 58075088 | 1399752 | 71697 | 59403143 | 29067488 | 0 | 2667063 | 31734551 | 27668592 | 29007600 |
| Furniture & fixture | 1348285 | 17325 | 0 | 1365610 | 819126 | 0 | 85660 | 904786 | 460824 | 529159 |
| Office Equipments | 328407 | 25250 | 0 | 353657 | 158479 | 0 | 16798 | 175277 | 178380 | 169928 |
| Vehicles | 4596327 | 0 | 0 | 4596327 | 1348079 | 0 | 426107 | 1774186 | 2822141 | 3248248 |
| Computer | 1105835 | 226272 | 0 | 1332107 | 604334 | 0 | 178300 | 782634 | 549473 | 501501 |
| TOTAL | 67822386 | 1925099 | 71697 | 69675788 | 32318321 | 0 | 3403761 | 35722082 | 33953706 | 35504065 |
| Previous Year | 62090248 | 5732138 | 0 | 67822386 | 28652708 | 0 | 3665613 | 32318321 | 35504065 | 33437540 |



| Particulars | As at 31st March, 2006 Rupees | As at 31st March, 2005 Rupees |
|--|-------------------------------------|-------------------------------------|
| SCHEDULE - 6 ⇒ INVENTORIES | | |
| Stores & Spares | 50335 | 1500219 |
| | <u>50335</u> | <u>1500219</u> |
| SCHEDULE - 7 ⇒ SUNDRY DEBTORS | | |
| Outstanding for over six months | 0 | 1858167 |
| Considered doubtful | 4244278 | 4277132 |
| Other Debts (Considered Good) | 58822135 | 36758178 |
| | <u>63066413</u> | <u>42893477</u> |
| SCHEDULE - 8 ⇒ CASH & BANK BALANCES | | |
| Cash in hand | 832893 | 174240 |
| Cash at Schedule Banks | | |
| in current Accounts | 1953720 | 57376 |
| In Fixed Deposit (Margin Money) | 6074703 | 3756684 |
| | <u>8861316</u> | <u>3988300</u> |
| SCHEDULE - 9 ⇒ LOANS & ADVANCES | | |
| (Unsecured considered good) | | |
| Advances recoverable in cash or in kind or for value to be received | 4892501 | 4224718 |
| Deposits | 360990 | 2308990 |
| Tax Paid/Deducted at Source (Net) | 2836704 | 1890406 |
| | <u>8090195</u> | <u>8424114</u> |
| SCHEDULE - 10 ⇒ CURRENT LIABILITIES & PROVISIONS | | |
| A) Current Liabilities: | | |
| Sundry Creditors | 5676000 | 7951455 |
| Other Liabilities | 4713323 | 2441254 |
| | <u>10389323</u> | <u>10392709</u> |
| B) Provisions | | |
| Provision for Expenses | 7799282 | 2765172 |
| Provision for Taxation | 3620000 | 1398500 |
| | <u>11419282</u> | <u>4163672</u> |
| SCHEDULE - 11 ⇒ MISCELLANEOUS EXPENDITURE | | |
| (To the extent not written off or adjusted) | | |
| Public Issue Expenses | 244840 | 734864 |
| | <u>244840</u> | <u>734864</u> |



| Particulars | As at 31st March, 2006 Rupees | As at 31st March, 2005 Rupees |
|---|-------------------------------------|-------------------------------------|
| SCHEDULE -12 ⇒ ADMINISTRATION & ESTABLISHMENT EXP. | | |
| Travelling | 1182116 | 814211 |
| Printing & Stationery | 119204 | 78981 |
| Advertisement | 66839 | 55023 |
| Postage & Telegram | 46018 | 30702 |
| Vehicle Maintenance | 123538 | 90252 |
| Rent Rate & Taxes | 175933 | 161418 |
| Insurance Premium | 277460 | 127635 |
| Books & Periodicals | 11255 | 6123 |
| Office & Other Misc. Expenses | 136749 | 61680 |
| Power Fuel & Electricity | 94070 | 113096 |
| Auditors Remuneration | 41820 | 45820 |
| bank cash trans tax | 12958 | 0 |
| Legal & Professionals Charges | 1380013 | 534646 |
| Misc. Expenses Written Off | 490024 | 702332 |
| Directors Sitting Fees | 31000 | 31000 |
| General Meeting Exp. | 69411 | 66623 |
| Rep. & Maint to Fixed assets | 142892 | 81571 |
| Tele. Fax, E-Mail & Internet Exp. | 258835 | 157642 |
| Tender Fees | 8295 | 5150 |
| Sales Tax | 600 | 0 |
| Income Tax 2003-04 | 0 | 141669 |
| Donation | 10101 | 13100 |
| i.T. Interest | 1550 | 0 |
| | 4680683 | 3318674 |

SCHEDULE -13 ⇒ NOTES TO THE ACCOUNTS

1. ACCOUNTING CONVENTION

The financial statements are prepared under historical cost convention on accrual basis and comply with accounting standards issued by the Institute of Chartered Accountants of India and referred to in Section 211 (3C) of the Companies Act, 1956.

I Fixed Assets :

- [1] Expenditure incurred on improvement or replacement, which in the opinion of The management, is likely to substantially increase in the life of the asset and Future benefits from it, is capitalized.
- [2] Expenditure on assets, other than plant & machinery and furniture hired out to employees and at camp offices, is charged to revenue.
- [3] Machinery spares that can be used only in connection with an item of fixed Asset and their use is expected to be irregular are capitalised. Replacement of such spares is charged to revenue.

II. Depreciation :

Depreciation on fixed assets is provided on straight –line method at the rates prescribed in schedule XIV of the Companies Act,1956. Addition/ deletion to fixed assets during the year are being depreciated on Pro rata basis from the beginning of the month in which such assets are capitalised / deleted.

III. Revenue Recognition:

- [1] In case of contract/job on the basis of physical progress as certified and after adjusting the obligation towards guarantees, warranties and penalties etc. Provided/ negotiated in respective contracts.
- [2] Sales made in Us \$ converted in Indian Rupee at Prevailing market Rate and included in sales amount



IV. Foreign Exchange Fluctuations:

The transactions in foreign exchange are accounted at the exchange rate prevailing on the date of transactions. Any exchange gain or losses arising out of the subsequent fluctuations are accounted in the Profit & Loss Account.

V Investments:

Long term investments are valued at cost with an appropriate provision for permanent diminution in value.

VI. Loans and Advances:

The Company has filed suits for recovery of Rs.26,00,000 against Rs. 29,07,566 of Business loans and advances to various parties. Provision has been made for Doubtful loans and Advances.

VII. Special Reserve:

Special Reserve made from Net Profit @ 10% on Bad & Doubtful Debt and Advances of Rs. 88,29,741 and on investment of Rs. 11,00,000/-

VIII. Contingent Liabilities :

Contingent liabilities not provided for in respect of Bank Guarantee issued by Bank and income tax appeal pending before the commissioner of Income Tax as on 31st March, 2006 amounting to Rs. 17339674.

2. Managerial Remuneration:

| | Current Period | Previous Period |
|--------------------------------|------------------------|------------------------|
| Salary and Allowances | Rs. 26,00,000/- | Rs. 24,56,667/- |
| Contribution to Provident fund | Rs. 48,960/- | Rs. 46,560/- |

3. Payment to Auditors :

| | Current Period | Previous Period |
|--------------------------------|-----------------------|------------------------|
| Audit Fees | Rs. 30,000/- | Rs. 30,000/- |
| Tax Audit Fees/ Tax Fees | Rs. 7,500/- | Rs. 11,820/- |
| Certificate and Other Services | Rs. 2,500/- | Rs. 4,000/- |

4. Segment Reporting :

The Institute of Chartered Accountants of India has issued on Accounting Standard 17 (AS-17) in regard to report on segment Revenue of the enterprise examining the provisions of AS-17. Company is engaged in the business of providing oilfield services. Hence segment reporting is not required

5. Related Party Disclosures :

Related party disclosures, as required by AS-18, "Related Party Disclosures", are given below :

- (1) Key management personnel : Shri Krishna Kant - Chairman,
Shri Avinash Manchanda - Managing Director
- (2) Relatives of Key Management Personnel : Shri Miten Manchanda (Son of Shri Avinash Manchanda)
- (3) The following transactions were carried out with the related parties in the ordinary course of business.



The disclosures pertaining to related parties and transactions therewith are set out in the table below:

| Nature of Transaction | Key Management Personnel | | Relatives of Key Management Personnel | | Total | |
|-----------------------|--------------------------|---------|---------------------------------------|---------|----------------|---------|
| | 2005-06 | 2004-05 | 2005-06 | 2004-05 | 2005-06 | 2004-05 |
| Remuneration | 2648960 | 2503227 | 184248 | 180000 | 2833208 | 2593227 |
| Interest paid | 2185 | 19691 | 1092 | 16371 | 3277 | 36062 |

6. Taxation :

Deferred Tax Liability: There is no deferred tax liability for the Current Accounting Year and hence not provided in the profit & loss account. No. provision has been made in Profit & Loss account

Current Tax: The Current tax liability has been worked out as per the provisions of Income tax Act.

7. Cash Credit sanctioned by the Central bank of India, is secured against hypothecation of Plant & Machinery and Office Building. For the said loan two Directors of the Company have given Personal guarantee to the Bank.
8. Figures of the previous year have been regrouped/rearranged wherever necessary in order to confirm to this year presentation.
9. Figures have been shown in Rupees only.

In terms of our Report of even date

For and on behalf of the Board,

For K. Parikh & Co.
Chartered Accountants

J.O.Parikh
Proprietor
Membership No. : 12404

PLACE : BARODA
DATE : 30/06/2006

Krishna Kant
Chairman

PLACE : BARODA
DATE : 30/06/2006

Avinash Manchanda
Managing Director

Somesh Shastri
Dy. Company Secretary



Statement pursuant to part IV of schedule VI to the Companies Act, 1956

I. REGISTRATION DETAILS

| | |
|--------------------|------------|
| Registration No. | 17254 |
| State Code | 4 |
| Balance Sheet date | 31.03.2006 |

II. CAPITAL RAISED DURING THE YEAR

| | |
|-------------------|-----|
| Public Issue | NIL |
| Right issue | NIL |
| Private Placement | NIL |

III POSITION ON MOBILISATION AND DEVELOPMENT OF FUNDS

| | |
|-------------------|-------------|
| Total Liabilities | 9,36,23,647 |
| Total Assets | 9,36,23,647 |

SOURCES OF FUNDS

| | |
|------------------------|-------------|
| Paid-up Capital | 5,35,71,000 |
| Reserve and Surplus | 2,10,53,968 |
| Secured Loans | 1,55,53,331 |
| Unsecured Loans | 15,40,233 |
| Deferred Tax Liability | 19,05,115 |

APPLICATION OF FUNDS

| | |
|---------------------------|-------------|
| Net Fixed Assets | 3,39,53,706 |
| Investment | 11,65,447 |
| Net Current Assets | 5,82,59,654 |
| Miscellaneous Expenditure | 2,44,840 |

IV. PERFORMANCE OF THE COMPANY

| | |
|----------------------------------|--------------|
| Turnover including other incomes | 10,54,33,099 |
| Total Expenditure | 9,54,18,124 |
| Profit/Loss before Tax | 1,00,14,974 |
| Earning per share (Rs.) | - |
| Dividend Rate (%) | - |

V. GENERIC NAMES OF PRINCIPAL PRODUCTS/SERVICES OF THE COMPANY

| | |
|-------------------|-------------------|
| Principal Product | OILFIELD SERVICES |
| Item Code no. | NA |



ASIAN OILFIELD SERVICES LTD.

Registered Office: 7th Floor, "B" Wing, Manubhai Tower, Sayajigunj, Baroda-390 005.

ATTENDANCE SLIP

Shareholders attending the Meeting in person or by Proxy are requested to complete the attendance slip and hand it over at the entrance of the meeting hall.

I hereby record my presence at the 13th ANNUAL GENERAL MEETING of the Company at the Auditorium of Central Gujarat Chamber of Commerce, Race Course, Baroda-390 007 on Thursday, the 3rd August, 2006 at 11-30 a.m.

Full name of the shareholder
(in block capitals)

Signature

Folio No. / Client ID No. _____ / DP ID No. _____

Full name of proxy
(In block capitals)
Signature

TEAR HERE

ASIAN OILFIELD SERVICES LTD.

Registered Office: 7th Floor, "B" Wing, Manubhai Tower, Sayajigunj, Baroda-390 005.

PROXY

I/We _____

Of _____ in the district of _____ being a

Member/Members of the above named Company, hereby appoint _____ of

_____ of _____ or failing

him _____ of _____ of

_____ as my/our proxy to attend and vote for me/us and on my/our behalf at the

13th ANNUAL GENERAL MEETING of the Company, to be held on Thursday, 3rd August, 2006 and at any adjournment

thereof.

Signed this _____ day of _____ 2006.

Folio No. / Client ID No. _____ / DP ID No. _____

No. of shares _____

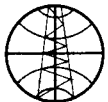
Affix Re. 1
Revenue
Stamp

Note: The Proxy form must be returned so as to reach the Registered office of the Company not less than 48 hours before the time for holding the aforesaid meeting.

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